Volume No. 1— Policies & Procedures	TOPIC NO.	50450
Function No. 50000—Payroll Accounting	TOPIC PARKING AND TRANSPORTATION	
Section No. 50400—Deductions	DATE	January 2006

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Overview

Introduction Several CIPPS payroll deductions are available to help agencies collect parking and other transportation program fees using pre or post-tax deductions. In accordance with IRC 132(f)(4) and Public Law 105-178, as of 2005, parking expenses up to $200 and transit/vanpool expenses up to $150 per month can be deducted on a pre-tax basis. Limits may change. Be sure to verify maximum rates with applicable code sections. Deducted funds are then used to pay for benefits. Pre-tax deductions reduce employees' federal, state, and FICA taxable income for withholding and W-2 reporting purposes. Employees must authorize pre-tax deductions by submitting salary reduction agreement forms.

DGS Parking Services Program

DGS Policy DGS Directive 14 establishes policies and procedures governing state-owned or leased parking facilities. This Directive is supplemented by the policies contained in the DGS Pre-tax Parking Fee Program document. Employees must follow DGS procedures for obtaining, completing, and submitting the required enrollment and DGS Salary Reduction Agreement forms to their agency's human resources or payroll office. Agencies are charged for all allocated parking spaces. Costs are typically collected from employees through payroll deduction. Agencies must reconcile the Parking Fee Suspense Account monthly.

Pre-Tax Parking Fees for DGS parking can be collected through payroll deduction pre or post-tax. DGS Salary reduction agreement forms must be completed in advance of participation in the pre-tax program. Retroactive participation and adjustments are not permitted. If the salary reduction agreement form is not completed in advance, participation can commence no earlier than two paydays following form submission.

DGS Parking Services Program, Continued

CIPPS Processing and CARS Reporting

CIPPS deductions 028 (post-tax) and 037 (pre-tax) are used to collect parking fees. Third party checks are not generated for these deductions. The deductions are recorded to CARS using transaction code 228, GLA 122 (Parking Fee Suspense Account), fund/fund detail code 0270 and Revenue Source code 02506. Agency totals of deduction 028 and 037 amounts are added together and displayed under transaction code 228 on the Report U058, CARS Payroll Transaction Recap Report.

DGS Parking Charges and Agency Parking Reconciliation

On the last CARS processing day of each month, DGS processes an IAT charging each agency's GLA 122 for the total amount due for all parking spaces allocated to the agency.

DGS requires agencies to reconcile the Parking Fee Suspense Account. Agencies must charge agency funds for spaces occupied by agency-owned vehicles. Agency funds cannot be used to pay parking fees for spaces assigned to employees. However, unassigned spaces are to be paid with agency funds.

Agency Parking and Transportation Programs

Agency Programs

Agencies may also sponsor employee parking programs in non-DGS facilities. Such programs are supported in CIPPS through pre or post-tax payroll deductions. Other transportation programs (i.e., mass transit pass, van pooling) sponsored by agencies are supported through pre-tax payroll deduction only.

Agency Parking and Transportation Programs, Continued

Pre-tax Programs

Although agency parking and transportation programs can be designed to provide direct employee reimbursement for actual expenses, benefits are typically paid through one central bill administered by the agency. If direct employee reimbursement is provided, employees must provide proper certification and documentation of actual expenses. Salary reduction agreement forms must be completed in advance of participation in each pre-tax program. Agencies must also prohibit:

- Retroactive application of salary reduction agreements
- Cash pay-outs of excess deducted amounts
- Carryover of excess deducted amounts to future months

CIPPS Processing

CIPPS deductions 032 (post-tax parking), 050 (pre-tax parking), and 051 (pre-tax transportation) support agency parking and transportation programs. CIPPS generates one check per agency per pay frequency per pay-run, in the aggregate amount of the deduction within the agency and pay frequency, to a payee of the agency's choice. If your agency has more than one agency parking facility program, or more than one transportation program, the agency must deposit the third party check generated by CIPPS and disburse the appropriate amount to each parking and transportation company.
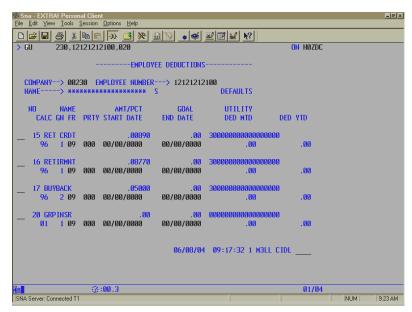
You must notify DOA anytime you establish a new program or change the third party payee.

CIPPS Data Entry

Deduction Processing

CIPPS deductions to process DGS and agency parking and transportation program fees are established on H0ZDC as follows:

NO

Enter the appropriate 3 position deduction number.

DGS Parking		Agency Parking & Transportation	
028	post tax parking	032	post tax parking
037	pre tax parking	050	pre tax parking
		051	pre tax transportation

NAME, CALC GN

These fields are displayed by the system when the screen is complete and the Enter key is pressed.

FR

Enter frequency '09'.

AMT/PCT

Enter the deduction amount.

GOAL

Enter the maximum amount to be withheld, if applicable.

CIPPS Data Entry, Continued

UTILITY		No data entry is required. The field is automatically populated with the appropriate setup when establishing pre-tax deductions. The utility field is zero filled for post tax deductions. (See Local Tax Exemption note below.)
PRTY		Not Used.
START DATE		Optional. Enter the top of the period in which the deduction is to start.
END DATE		Optional. Enter the last day of the period in which the deduction is to end.

Local Tax Exemption   Deductions that are tax sensitive (i.e., exempt from FIT, SIT, FICA) may also need to exempt from local taxes, if the employee is paying other than Virginia taxes. To exempt a deduction from local taxes, enter a '2' in position thirteen (13) of the utility field.

Internal Control

Internal Control   Agencies must ensure employees pay for assigned parking spaces and obtain appropriate salary reduction agreements for pre-tax deductions.

Records Retention

Time Period   Supporting payroll documents should be retained for a period of 5 years or until audited whichever is later.

Contacts

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Subject Cross References

References None